



The President's Daily Brief

10 March 1973

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declassification schedule of E.O. 11652
exemption category 5B(1)(2)(3)
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the Director of Central Intelligence

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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10 March 1973

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

Finance ministers of major nations have deferred any final decisions until next Friday, but the EC may have already agreed on a joint float against the dollar on a contingency basis. (Page 1)

On Page 2 we assess the outlook for tomorrow's run-off elections in France. The government seems headed for a narrow victory.

Tomorrow's first-round elections in Argentina seem likely to give the Peronists' candidate a strong plurality. [REDACTED]

(Page 3)

Manila is threatening to air accusations of Malaysian complicity with Muslim insurgents in Mindanao. (Page 4)

The USSR [REDACTED] delivered its "FROG-7" tactical surface-to-surface rocket system to Syria. (Page 5)

Pakistani pilots and crews have completed training in China on a squadron of TU-16 medium bombers. (Page 5)

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INTERNATIONAL MONETARY DEVELOPMENTS

With decisions among the finance ministers of major nations deferred until next Friday, trading in foreign exchange markets apparently will be limited to interbank transactions for another week. The dollar firmed somewhat in light interbank trading in Europe yesterday.

EC [redacted] community toned down the proposals for US action it had prepared for yesterday's meeting in Paris--apparently from near-demands to "suggestions for mutual reflection." The link between trade and monetary issues was deliberately omitted.

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[redacted] London has given the first sign of softening its preconditions for entry into a joint EC float, and France now seems less categorically opposed to a joint float than it has indicated publicly.

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The EC may in fact have already agreed on a joint float against the dollar on a contingency basis.

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Presumably the joint float would be activated if next Friday's meeting fails to produce an agreement to return to fixed parities against the dollar, with the US actively intervening in the foreign exchange market to support the new dollar rate.

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FRANCE

The past week has been one of bargaining within the competing electoral alliances in preparation for tomorrow's runoff elections. Thus, candidates of the governing coalition and the centrist Reformist group are withdrawing in each other's favor in certain districts. Members of the left coalition are doing the same. As a result of such jockeying, in about 310 of the 430 races there will be a direct choice between a leftist and either a Gaullist or a Reformist.

It now looks as if the government will retain control of the National Assembly, either with a thin majority of its own or with the help of the Reformists. Even though the leftists will gain many seats, it is unlikely that they will have much more influence in the Assembly because they agreed, in forming their electoral coalition, that neither the Communists nor the Socialists would surrender their differing positions on national issues.

After the dust has settled, President Pompidou will have to make some changes in recognition of his diminished majority. He is likely to broaden the coalition's base by bringing in additional Reformists and other moderates, thereby reducing its dependence on ultra-Gaullists. Most policy changes will be in the domestic field, but eventually the infusion of new blood could influence the government toward better relations with the US and greater cooperation with NATO and the EC.

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ARGENTINA

The Peronists are ahead in the presidential election set for tomorrow. If their candidate, Hector Campora, gets over 40 percent of the vote he will be hard to stop in the second round next month. If Campora falls much short of 40 percent, the likely second runner, Ricardo Balbin, will have a chance to rally the anti-Peronist vote and pull off a victory in April.

Last month President Lanusse wanted to move against the Peronist trend, but his military colleagues talked him out of canceling the election or banning the Peronists. Although the Peronists are anathema to the military, officers were restrained mainly by fear of a prolonged violent reaction.

If Campora does well tomorrow, however, pressures for military intervention will mount. An outburst of violence tomorrow, which some sources predict, could be the last straw. The government has mobilized 200,000 men in its security forces in an effort to assure orderly balloting.

Whether Balbin or Campora comes out on top, the next government will be more statist and nationalist than Lanusse's. Even another military government would lean this way in its effort to win popular support.

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PHILIPPINES

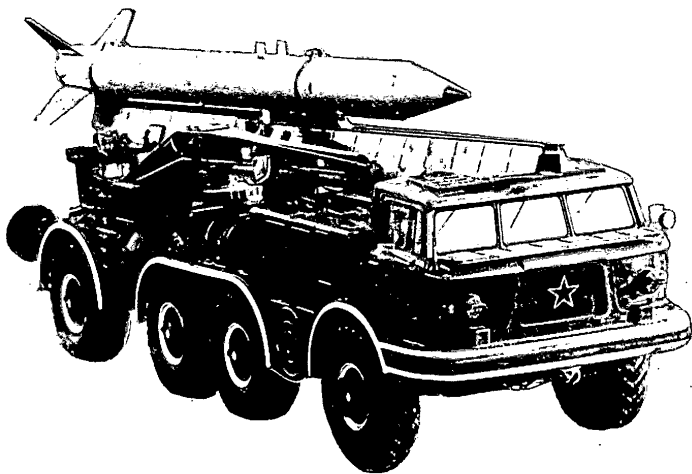
To further President Marcos' drive against the Philippine Muslims, Foreign Secretary Carlos Romulo this week called a carefully staged meeting of representatives of the other members of the Association of Southeast Asian Nations--Malaysia, Singapore, Indonesia, and Thailand. He accused Malaysia of allowing the ruler of its state of Sabah to send foreign mercenaries to join the Muslim insurgents with the object of creating a separate Muslim state in Mindanao.

Romulo warned that Marcos was about to make a public statement to this effect, and implied that if Malaysia did not act against the ruler of Sabah now, there would be trouble later.

Romulo subsequently made a show of contacting Marcos to pass on the diplomats' heated objections, and claimed that Marcos had agreed to withhold his proposed statement.

Marcos may yet decide to issue such a statement in order to stimulate nationalist feeling and bolster his popular backing. In fact, supplies are channeled to the dissidents through Sabah but other sources are also available. At bottom, it is the Muslim fear of oppression, or even extermination, by Christian Filipinos that keeps the rebels fighting.

FROG-7s in Syria



Launcher weight (with rocket)	about 13 tons
Rocket weight	5,000 - 6,000 pounds
High explosive warhead weight	1,200 pounds
Maximum range	37 - 43 miles
Propellant	solid

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NOTES

USSR-Syria: The Soviets' tactical surface-to-surface rocket system known as the FROG-7 has been in Syria since at least February, [redacted]

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[redacted] The FROG-7 is widely deployed with Warsaw Pact forces and was introduced into Egypt in late 1970. It is fired from a wheeled vehicle, has a maximum range of about 43 miles, and could be used against troop concentrations, unfortified artillery positions, and civilian population centers.

Pakistan-China: Pilots and crews sent to China last summer for intensive training on a squadron of TU-16 medium bombers recently returned to Pakistan.

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[redacted] the squadron--probably some 12 to 16 aircraft--will remain in China to avoid alarming India, but would be flown to Pakistan in a wartime emergency. Meanwhile, the pilots will keep active by flying Pakistan's only squadron of B-57 light bombers [redacted]

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Korea: The two governments announced yesterday that the next round of negotiations on unification will be held on 14 March. Pyongyang had canceled the meeting scheduled for last week, and a firing incident in the DMZ last Wednesday had cast an additional cloud over the series of talks. The speed with which Seoul and Pyongyang set a new date and the failure of either to exploit the shooting incident in its propaganda show that both wish to avoid a breakdown in the dialogue, despite the lack of substantive progress so far.

Panama: [redacted]

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